

Via Messenger

April 24, 2012

Mr. Don Geisinger,  
Senior Real Property Agent  
Los Angeles County Department of Beaches & Harbors  
13837 Fiji Way  
Marina del Rey, CA 90292

Re: Bay Club – Construction Drawings

Dear Don:

As you know, we and the County have entered into an Option to Amend Lease Agreement (Parcel 8T), as amended (the Option), which includes as Exhibit A an Amended and Restated Lease Agreement that would become effective upon the exercise of the Option (the Restated Lease). Capitalized terms below are from the Option.

We have previously obtained all of the Entitlements for the Redevelopment Work, including the following approvals:

- Small Craft Harbor Commission, November 18, 2009 (and its approval of the option extension on October 12, 2011);
- County Board of Supervisors, December 8, 2009 (and its approval of the option extension on October 18, 2011);
- Approval of a mitigated negative declaration under CEQA by the Board of Supervisors on December 8, 2009;
- plot plan approval by Regional Planning on December 23, 2009 (and its approval of an extension of the plot plan approval on December 22, 2011);
- Coastal Commission approval on December 15, 2010; and,
- final Design Control Board approval on January 18, 2012.

The Entitlements have been based on plans which have been reviewed and approved by the Department of Beaches and Harbors (including the schematic plans attached to the Restated Lease as its Exhibit A).

Under Section 5.3 of the Option, we additionally “have the right, at [Lessee’s] election, but not the obligation, to deliver to Director, for Director’s approval, additional plans, specifications and materials pertaining to the Redevelopment Work.” We now wish to do this so that later approval of drawings and specifications under Section 5.3 of the Restated Lease will not be necessary, and our construction schedule may be advanced accordingly.

Toward that end, enclosed please find six sets of our architectural and engineering construction drawings and specifications for the land side of the Renovation Work, and six sets of Bellingham Marine, Inc’s construction drawings and specifications for the Anchorage Improvements. All such drawings and specifications are “identical to those requested or required by the County Director of Public Works incident to the issuance of building permits” as required under Section 5.3.3 of the Restated Lease. (Section 5.3 of the Option cross-references the requirements of Section 5.3 of the Restated Lease.)

The enclosed drawings and specifications are, other than minor corrections or clarifications required for bidding, identical with those submitted to Public Works for their review and approval pursuant to the following permit applications:

- Building A (the west apartment building), permit BL 1109270045, submitted September 27, 2011;
- Building B (the east apartment building), permit BL 1109270044, submitted September 27, 2011;
- Building C (the clubhouse building), permit BL 1202160003, submitted February 16, 2016; and,
- Anchorage Improvements, permit BL 1204020051, submitted April 2, 2012.

As required under Section 5.3.3 of the Restated Lease, a copy of each of the permit applications is enclosed.

The enclosed drawings and specifications are intended to be our “final drawings and specifications” referred to in Section 5.3.3 of the Restated Lease, subject to such future revisions as may require County approval pursuant to Section 5.3.3.

We respectfully request the Director’s confirmation that the enclosed plans meet with his approval.

Next, as required by Section 5.3.3 of the Restated Lease, we have enclosed our latest construction cost estimates, comprised of (i) a land side and sitework estimate provided by Summit Builders, showing an anticipated hard cost of \$13,772,165, and (ii) the schedule of values from our marina design-build contract with Bellingham Marine, Inc., showing a total cost of \$7,050,000.

Finally, we note that Section 5.1 of the Restated Lease provides that, "If and to the extent Lessee has performed any of the Redevelopment Work after the date of the Option Agreement but prior to the Effective Date [of the Restated Lease], then subject to the immediately preceding sentence, and subject to the requirement that prior to the commencement of such Redevelopment Work Lessee provided written notice to Director of the specific components of the Redevelopment Work that Lessee intended to perform prior to the Effective Date, Lessee shall be entitled to include the permitted costs (as described above) incurred by Lessee for such components of the Redevelopment Work performed after the date of the Option Agreement and prior to the Effective Date for purposes of satisfying the Required Cost Amount."

This will notify the Director that it is our intention to commence the manufacture and construction of the Anchorage Improvements prior to the Effective Date. A design-build contract with Bellingham Marine, Inc. has been entered into toward that end.

Very Truly Yours,

A handwritten signature in blue ink, appearing to read 'Thomas E. Schiff', with a stylized flourish at the end.

Thomas E. Schiff,  
Executive Vice President and General Counsel of  
Decron Properties Corp., agent for  
NF Marina, LP

cc: Mr. David J. Nagel (w/o encl.)